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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:

SHADY ACRES DAIRY,

Debtor-in-Possession.

Case No. 10-19058-A-11

Chapter 11

DC No. KDG-12

Date: March 15, 2011

Time: 1:30 p.m.

Place: United States Bankruptcy Court  
2500 Tulare Street, Fifth Floor  
Department A, Courtroom 11  
Fresno, California

Judge: Honorable Whitney Rimel

**PROPOSED MODIFIED DISCLOSURE STATEMENT**

Debtor requests that the *Disclosure Statement in Connection with Plan of Reorganization* filed by Debtor on January 31, 2011, be approved as modified as attached hereto. If approved by the Court, Debtor will file and serve the attached *Disclosure Statement Dated March 16, 2011*.

Date: March 11, 2011

KLEIN, DeNATALE, GOLDNER,  
COOPER, ROSENLIEB & KIMBALL, LLP

By

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**MODIFIED DISCLOSURE STATEMENT DATED MARCH 16, 2011**

**I. Introduction**

SHADY ACRES DAIRY, Debtor and Debtor in Possession ("Shady Acres or Debtor"), filed a Voluntary Petition under Chapter 11 on August 9, 2010. Debtor has operated its business as debtor-in-possession since the Petition date and a trustee has not been sought or appointed in its case. The *Disclosure Statement Filed by Debtor in Connection with Plan of Reorganization* ("the Disclosure Statement") is provided to the holders of claims for the purpose of providing adequate information to claimants so that claimants can arrive at an informed decision in exercising their right to accept or reject the *Plan of Reorganization* filed by Debtor ("the Plan"). A copy of the Plan will be served on Debtor, the United States Trustee,

1 all creditors, and parties requesting special notice after the Disclosure Statement is approved by  
2 the Bankruptcy Court. Your vote to accept or reject the Plan is important. The Plan can be  
3 confirmed by the Court if it is accepted by the holders of claims in each class of claims voting  
4 on the Plan. Furthermore, the Court can confirm the Plan if it finds that the Plan accords fair  
5 and equitable treatment to the class rejecting it if the requisite acceptances are not obtained.

6 EVERY ATTEMPT HAS BEEN MADE TO PROVIDE ACCURATE  
7 INFORMATION IN THIS STATEMENT. HOWEVER, EXCEPT AS OTHERWISE SET  
8 FORTH HEREIN, THE INFORMATION HAS NOT BEEN THE SUBJECT OF A  
9 CERTIFIED AUDIT. NO REPRESENTATIONS ARE AUTHORIZED BY DEBTOR  
10 EXCEPT AS SET FORTH IN THIS STATEMENT. THE INFORMATION CONTAINED IN  
11 THE DISCLOSURE STATEMENT COMES FROM DEBTOR AND ITS ATTORNEYS.  
12 HOWEVER, BEVERLY ANKER AND ED ANKER, ARE THE PRIMARY SOURCES OF  
13 INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT AND REPRESENT  
14 THE BEST SOURCES OF INFORMATION CONCERNING DEBTOR AND ITS ASSETS  
15 AND LIABILITIES. TO THE EXTENT THAT INFORMATION CONTAINED IN THIS  
16 DISCLOSURE STATEMENT IS ALSO CONTAINED IN THE PLAN FILED HEREWITH,  
17 THE TERMS OF THE PLAN ARE CONTROLLING.

## 18 **II. Background**

### 19 **A. Description and History of the Debtor**

20 Shady Acres milks about 2,780 cows, has total non-milking, young stock, and bulls of  
21 about 3,350 and owns 1,275 acres farmland. Shady Acres is a member of and ships its milk to  
22 California Dairies, Inc. ("CDI"). Shady Acres grows grains on 1,075 acres of farmland for  
23 silage for its livestock.

24 Shady Acres commenced business in 1967 as a sole proprietorship owned by Cornelius  
25 and Margaret Vander Stelt, the parents of Beverly Anker. The dairy operated on the real  
26 property located at 10424 Avenue 320, Visalia, California ("the Visalia Dairy") with  
27 approximately 600 cows. In 1979, Beverly Anker and her husband, Edward G. Anker, joined  
28 the business as partners with Mr. and Mrs. Vander Stelt. Cornelius Vander Stelt passed away

1 in 1992, and Edward and Beverly became the main operators of Shady Acres Dairy, eventually  
2 purchasing Mrs. Vander Stelt's interest in the dairy. Edward G. Anker passed away in 1995,  
3 leaving Beverly and her three sons, Edward C Anker ("Ed"), Christopher ("Chris") and Joshua  
4 ("J.D."), as the main operators of Shady Acres Dairy. In the years from 1996 to 1999 the dairy  
5 operation grew to about 1,000 milk cows. Beverley, Ed, Christopher and Joshua began to  
6 explore the possibility of expansion and determined that it was best to expand into Fresno  
7 County. They formed the current partnership consisting of Beverly Anker (20%), Beverly  
8 Anker, as Trustee of the Bypass Trust Under the Will of Edward G. Anker, deceased (50%), Ed  
9 (10%), Christopher (10%), and Joshua (10%) in January 1999.

10 Debtor purchased land in Helm, California and commenced construction of the dairy in  
11 2001 ("the Helm Dairy"). The purchase of the land and construction of the facility was all  
12 financed by Farm Credit West ("FCW"), which holds deeds of trust against both the Helm  
13 Dairy and the Visalia Dairy. The Helm Dairy began milking in 2003 with about 1,700 cows.  
14 The Visalia Dairy was leased out to another dairyman from 2003 until 2005, after which Shady  
15 Acres began operating the dairy with 400 cows. In March 2008, all dairy operations moved to  
16 the Helm Dairy. Young stock was kept at the Visalia Dairy through 2009, when the Helm  
17 Dairy and surrounding land was built out to a point where it was large enough to handle the  
18 entire operation.

19 It was apparent that some of the completed and incomplete construction at the Helm  
20 Dairy contained significant defects in 2003 when operations began there. Shady Acres was  
21 forced to hire a new contractor to complete the construction and was embroiled in litigation  
22 over the construction defects for a period of about 3 years. However, the litigation ended in  
23 mid- 2008 when Debtor entered into a settlement agreement with the Defendants who agreed to  
24 pay Shady Acres about \$2,000,000.00. Debtor received approximately \$1,500,000.00 after  
25 costs of paying litigation, all of which was used to rectify the construction defects, complete the  
26 construction and operate the business.

27 In the meantime, the dairy industry began suffering one of the worse recessions it has  
28 faced. In August 2010, the price of milk paid to dairy farmers was about 30% less than the

1 amount paid to dairy farmers 30 months prior. Shady Acres obtained lines of credit from FCW  
2 to purchase feed, to pay for business operations, and to continue to fund the expansion of the  
3 Helm Dairy in order to survive in this environment. These lines of credit are secured by liens  
4 against Debtor's real and personal property. The lines of credit came due from time to time and  
5 FCW renewed the lines of credit. FCW has an assignment against Debtor's milk proceeds  
6 received from CDI for the payments due under the loans owed to FCW. FCW agreed to accept  
7 lower payments when the milk proceeds were not sufficient to pay the loan payments owed to  
8 FCW and the operating expenses. When CDI delivered the amounts due under the assignment  
9 to FCW pursuant to the new arrangement, FCW made the agreed upon payments on Debtor's  
10 various loans, and delivered the remainder of the proceeds to Shady Acres. On August 1, 2010,  
11 FCW informed Debtor that it was no longer going to extend credit to Debtor and kept the milk  
12 proceeds, leaving Debtor no option except to file for relief under Chapter 11 in order to give  
13 Debtor a vehicle under which it could reorganize its debts and continue to operate its business.

#### 14 **1. Debtor's Business**

15 As stated above, Shady Acres milks about 2,780 cows, has total non-milking, young  
16 stock, and bulls of about 3,350 and owns 1,275 acres farmland. Shady Acres grows grains on  
17 1,075 acres of farmland for silage for its livestock. Shady Acres rents out the corral, a couple  
18 of residences and farmland at the Visalia Dairy and intends to rent out the Visalia Dairy facility  
19 starting in March 2011. Debtor currently employs about 21 people.

#### 20 **B. Description of Debtor's Principals and Insiders**

21 Debtor is a general partnership. There are four partners that participate in the day-to-  
22 day operations of Debtor. They are more specifically described below.

#### 23 **1. Beverly Anker**

24 Mrs. Anker is the managing partner of Debtor and owns a 20% interest in Debtor.  
25 Mrs. Anker grew up in the dairy business and has worked in the dairy business since 1979.  
26 Mrs. Anker's duties include handling the bookkeeping for Debtor. Mrs. Anker works full time  
27 for the Debtor and will be paid \$4,000.00 gross income per month for her services beginning  
28

1 in April 2011. Debtor contemplates that Mrs. Anker will continue to serve as managing  
2 partner during the pendency of Debtor's bankruptcy case.

3 **2. Edward C., Christopher G., and Joshua D. Anker**

4 Ed, Chris and J.D. are brothers and the sons of Beverly Anker and are partners in  
5 Debtor, each owning a 10% interest in Debtor. Ed, Chris and J.D. Anker all grew up in the  
6 dairy business and have worked full time in the dairy business since 1995. Their duties  
7 include handling the day to day operation of the milking herd and farming operation. Ed,  
8 Chris and J.D. Anker work full time for the Debtor and will be paid \$4,000.00 gross income  
9 per month for their services beginning in April 2011. Debtor contemplates that Ed, Chris and  
10 J.D. Anker will continue to operate the day to day management of the milking herd and the  
11 farming operation during the pendency of Debtor's bankruptcy case.

12 **C. Background of Events Leading to the Chapter 11 Filing**

13 As indicated above, FCW had determined that it would not extend credit to Debtor and  
14 retained the entire portion of Debtor's milk check that was assigned to FCW from CDI for  
15 August 1, 2010, leaving Debtor with no money to purchase feed. In addition to the problems  
16 with FCW, the downturn in the economy and the dairy business had caused Debtor's gross  
17 income from the operation to decrease from \$11,816,636.00 in 2008 to \$5,410,709.00 in 2009.  
18 Debtor's property was fully encumbered by liens held by FCW and Debtor was not in a  
19 position to obtain financing in an amount sufficient to pay FCW and its other creditors in full.  
20 These issues forced Debtor to seek the protection of Chapter 11 in order to stop the collection  
21 actions taken by its creditors and to give Debtor a vehicle to repay its creditors over time.

22 **III. Business Activity Since the Petition Date**

23 **A. General Operations**

24 Since the commencement of its case, Debtor has increased its milking herd and reduced  
25 it dry stock. Debtor has generated gross cash receipts of \$3,774,436.65 and made cash  
26 disbursements of \$4,284,229.73 from August 9, 2010 through December 31, 2010. Although  
27 Debtor has disbursed more cash that it has received, Debtor has increased the value of its feed,  
28 grains and commodities on hand from \$61,500.00 to \$940,813.00 as of December 31, 2010.

Furthermore, the disbursements include adequate protection payments to secured creditors totaling \$568,246.25 as of December 31, 2011. Therefore, Debtor has been operationally profitable.

Monthly Reports of Operation concerning the business conducted by Debtor are on file with the Court and copies are available upon request. The Monthly Reports of Operation contain detailed information about the cash receipts and disbursements since Debtor filed for relief under Chapter 11.

#### **B. Evaluation of Business Operations**

Since the commencement of its Chapter 11 case, Debtor has continued its pre-bankruptcy efforts to increase revenues and reduce expenses. Debtor has taken steps to improve its operations including (a) increasing cow comfort in order to increase milk production, (b) computerizing its feed mixing to control milk cow diet for increased milk production and reduced feed costs, (c) increasing the number of milk cows, while decreasing nonessential calves and heifers, and (d) working with Debtor's veterinarian to address fertility problems and increase pregnancy levels. Debtor believes that these actions have improved its business and ability to make payments required under the Plan.

The efforts of Debtor have resulted in an increase of gross monthly income. This increase is due to the increase in Debtor's milk production. The following table compares milk production, gross income and milk price per hundredweight for the months indicated.<sup>1</sup>

	Milk Production in Pounds	Gross Income from Milk	Price per cwt for preceding month <sup>2</sup>
January 2010	3,258,031	\$447,839.86	\$14.98
July 2010	4,625,642	\$663,296.00	\$13.62
January 2011	5,561,327	\$873,056.48	\$13.83

<sup>1</sup> January 2011 was selected because it is the most current complete month available. July 2010 was selected because it is the month prior to the month that Debtor filed this bankruptcy case. January 2010 was selected because it is the month that is one year before January 2011.

<sup>2</sup> The preceding month's milk price is reported because that is the price received by Debtor during the months indicated.

1 These numbers indicate that Debtor's increase in income is due to Debtor's increase in milk  
2 production and is not based on the increase in milk price. In fact, the milk price was paid to  
3 Debtor was more than one dollar less in January 2011 than it was in January 2010.  
4 Notwithstanding the decrease in price, Debtors gross income was more than \$400,000.00 more  
5 in January 2011 than it was in January 2010 because Debtor has increased its milk production  
6 by more than 2,000,000 pounds per month. In August 2010, Debtor swapped 670 heifer calves  
7 of various ages for 400 milk cows ("the Cow Swap"). This swap increased Debtor's milk  
8 production by increasing the total number of cows milked; however, milk production has  
9 continued to increase since that time due to Debtor's efforts, including changing nutritionists  
10 and feed rations.

11 The Cow Swap will not have a significant impact on Debtor's herd replacement.  
12 Debtor raises all of its own replacement animals. The heifers swapped by Debtor in the Cow  
13 Swap were taken from Debtor's calf raising and replacement program. This reduced the  
14 number of replacement animals for Debtor's milking herd. However, Debtor retained enough  
15 heifers to replace cows as they die or are culled from the milking herd. As of January 31, 2011,  
16 Debtor had 2,356 heifers including 1,841 heifers ages 0-18 months and 555 bred heifers. In  
17 addition, Debtor had about 200 springers that were and are expected to calve in February and  
18 March 2011. All of these heifers and springers will join the milking herd over the next 23 to 24  
19 months as they calve.

20 Debtor's current death/cull rate is 28% which is an average of 76 cows being removed  
21 from the herd each month. Debtor's heifers and springers that will calve and be ready to join  
22 the milking herd in the next 9 months average 80 animals per month. This results in Debtor an  
23 average surplus of about 4 cows per month for the next nine months.<sup>3</sup> Therefore, at the current  
24 death/cull rate and heifer inventory on hand, Debtor will be able to sustain its herd on a going  
25 forward basis. Debtor intends to continue its breeding program during the term of the Plan.

26 When heifers calve it provides two benefits to Debtor. First, the mother cow can join  
27 the milking herd after a few days as a replacement cow. Second, the calf that is born is then

28 <sup>3</sup> Nine months is the gestational periods for Holstein cows.



1 either raised to join the milking herd through Debtor's calf raising and replacement program if  
2 it is a heifer or raised or sold if it is a bull.

3 Debtor is considering implementing risk management strategies. Debtor is able to  
4 manage market volatility by contracting milk and feed and can manage risks effectively by  
5 utilizing these tools.

#### 6 **IV. Significant Events in Chapter 11 Case**

7 Debtor has performed or has been involved in the following significant events since  
8 filing its Voluntary Petition:

##### 9 **A. Continued Operation of the Business**

10 Debtor has operated its business since it filed for relief under Chapter 11. Continued  
11 operation of the businesses has permitted Debtor to make adequate protection payments to  
12 secured creditors and lessors and meet the ongoing expenses associated with its businesses  
13 without the appointment of a trustee or conversion of the case.

##### 14 **B. Employment of Professionals**

15 Debtor has obtained authorization from the Bankruptcy Court to employ the following  
16 professionals:

17 KLEIN, DENATALE, GOLDNER Attorneys  
18 COOPER, ROSENLIEB & KIMBALL

19 MOORE STEPHENS WURTH Accountants  
20 FRAZER AND TORBET, LLP

21 The employment of these professionals has assisted Debtor in its reorganization efforts.

##### 22 **C. Motion for Order Authorizing Use of Cash Collateral**

23 Debtor entered into a number of stipulations with FCW, Penny Newman Grain  
24 Company ("PNG") and Penny Newman Milling, LLC ("PNM") for the continued use of cash  
25 collateral through May 31, 2011. The Bankruptcy Court approved the stipulations and entered  
26 orders authorizing Debtor to use cash collateral; the most recent approval occurred on February  
27 24, 2011. The authorization to use cash collateral has allowed Debtor the opportunity to  
28 reorganize its financial affairs, continue its day to day operations, and prepare its Plan,

1 optimizing the opportunity that Debtor's creditors will be repaid their claims through Debtor's  
2 reorganization process.

3 **D. Disclosure Statement and Plan of Reorganization**

4 Debtor filed its Plan and Disclosure Statement. A hearing on approval of the Disclosure  
5 Statement was held on March 15, 2011.

6 **V. Financial Information**

7 **A. Liabilities.**

8 **1. Creditors Having Administrative Expense Claims**

9 Debtor has incurred administrative claims since the filing of its Voluntary Petition.  
10 Debtor believes that the administrative claims for unpaid fees and costs owed to the attorneys  
11 and accountants of Debtor will be the following amounts on the Effective Date of the Plan:

<u>Name</u>	<u>Amount</u>
KLEIN, DENATALE, GOLDNER, COOPER, ROSENLIEB & KIMBALL	about \$30,000.00
MOORE STEPHENS WURTH FRAZER AND TORBET, LLP	about \$21,000.00

16 Any unpaid administrative claims will be paid after Court approval if Court approval is  
17 required.

18 **2. Creditors Holding Security**

19 Debtor listed secured claims totaling \$19,698,584.29 on its Schedule "D," including all  
20 amendments. Debtor has made adequate protection payments and other payments to the  
21 secured creditors subject to the terms of the stipulations concerning the use of cash collateral  
22 entered into between Debtor, FCW, PNG and PNM. Debtor believes that the principal amounts  
23 of the secured claims have been reduced and will be about \$19,412,569.20 on the Effective  
24 Date.

25 **3. Unsecured Claims with Priority**

26 Debtor listed unsecured claims with priority totaling \$0.00 on its Schedule "E,"  
27 including all amendments. Debtor believes the current amount owed to unsecured priority  
28 claimants has not changed.

1                                   **4.       Unsecured Claims Without Priority**

2           Debtor listed unsecured claims without priority totaling \$2,063,972.78 on its Schedule  
3   "F" including all amendments. Debtor believes the current amount owed to unsecured  
4   claimants will be \$2,262,199.25 on confirmation due to the claim held by J.D. Heiskell in the  
5   amount of \$198,226.47. The J.D. Heiskell claim was listed on Schedule D Creditors Holding  
6   Secured Claims because J.D. Heiskell recorded a UCC-1 financing statement claiming a dairy  
7   cattle supply lien. However, Debtor believes the claim held by J.D. Heiskell to be unsecured  
8   because PNG and PNM hold dairy cattle supply liens superior to J.D. Heiskell's lien and;  
9   therefore, J.D. Heiskell's lien is invalid under California Food and Agriculture Code Sections  
10   57402 and 57406.

11                               **5.       Disputed Claims**

12           Debtor listed no disputed claims in its Schedules of Assets and Liabilities. However,  
13   Debtor disputes the following claims filed by creditors and will object to the claims if they are  
14   not amended:

15                   a.       J.D. Heiskell filed a secured Proof of Claim. Debtor the claim held by  
16   J.D. Heiskell to be unsecured for the reasons provided above.

17                   b.       PNG filed a Proof of Claim totaling \$350,944.21, which set forth that  
18   \$177,337.97 is secured by a dairy cattle supply lien. Debtor believes the secured  
19   amount of the PNG claim to be \$134,717.20. Debtor and PNG disagree on the  
20   appropriate method to calculate the amount of debt secured by the lien under California  
21   Food and Agriculture Code Section 57402. The amount of PNG's claim will be finally  
22   determined through the claim objection process.

23                   c.       Laura Merritt filed a secured Proof of Claim in the amount of  
24   \$450,000.00. Debtor believes that the balance of Mrs. Merritt's claim was \$392,573.88  
25   as of the Petition Date.

26                               **6.       Allowance of Claims**

27           Any claim not objected to by Debtor or another party in interest will be allowed in the  
28   amount set forth in a Proof of Claim filed by or for a creditor or scheduled by Debtor. Debtor

1 However, nothing contained in the Disclosure Statement will be deemed to be a determination  
2 of the amount or allowance of any claim.

3 **B. Assets.**

4 **1. Scheduled Real Property**

5 Debtor listed real property described as 1275 acres, dairy and farmland located in Helm,  
6 Fresno County California on its Schedule "A," including all amendments ("Helm Dairy").

7 Debtor listed the value of its real property at \$11,000,000.00.

8 **2. Scheduled Personal Property**

9 Debtor listed the following personal property valued at \$12,953,922.76 on its Schedule  
10 "B," including all amendments:

<u>Description of Property</u>	<u>Value</u>
Money on Deposit	\$ 1,600.00
Owners Equity California Dairies, Inc.	\$ 435,628.00
Owners Equity Farm Credit West	\$ 1,000.00
Milk Proceeds and retains	\$ 235,000.00
Milk Pool Quota	\$ 1,193,941.00
Dairy Permit	\$ 0.00
Office Equipment and furnishings	\$ 2,893.80
Cows	\$ 7,663,300.00
Growing Crops	\$ 165,000.00
Dairy Equipment – Visalia Dairy	\$ 600,000.00
Dairy Equipment –Helm Dairy	\$ 1,704,146.96
Case International Tractor	\$ 130,000.00
2010 Supreme Model 1200 Cutter Mixer Feeder	\$ 75,000.00
Farming Equipment	\$ 672,500.00
Feed	\$ 1,500.00
Commodities and supplies	\$ 60,000.00
5 Shares Stinson Canal & Irrigation	\$ 12,413.00
<b>TOTAL</b>	<b>\$ 12,953,922.76</b>

23 **3. Post-Petition Change in Assets as of December 31, 2010**

24 Debtor's accountants completed the preparation of Debtor's 2010 year-end financial  
25 statements ("the Financial Statements") that include a balance sheet as of December 31, 2010.  
26 The Financial Statements include information regarding Debtor's method of valuation for its  
27 various assets. The Financial Statements are attached hereto as Exhibit "A" and incorporated  
28 herein by reference.

1 **VI. Tax Attributes**

2 Debtor has no tax attributes because it is a general partnership. Therefore, Debtors tax  
3 attributes pass-through to its partners.

4 **VII. Pending Litigation**

5 Debtor was a not a defendant in the any lawsuits on the Petition Date.

6 **VIII. Preferences and Fraudulent Transfers**

7 Debtor has not completed its analysis of whether there were any preferences or  
8 fraudulent transfers made by Debtor before the filing of its Voluntary Petition. Therefore, the  
9 Plan expressly reserves Debtor's ability to recover preferences or fraudulent transfers to benefit  
10 the estate. Any recoveries from such actions will be paid to the estate's unsecured creditors.

11 **IX. Chapter 7 Comparison**

12 Debtor believes that secured and unsecured creditors will receive a greater dividend in  
13 its Chapter 11 case than would be available in a Chapter 7 case because the Plan provides that  
14 all allowed secured and priority claims will be paid in full after confirmation of the Plan and  
15 unsecured creditors will receive about 22% of their claims, depending on the allowed amount  
16 of Debtor's unsecured claims.

17 Substantially all of Debtor's property secures indebtedness owed to FCW in the amount  
18 of approximately \$18,165,000.00. Debtor believes that FCW would be granted relief from the  
19 automatic stay and permitted to repossess its collateral in a Chapter 7 case. However, Debtor  
20 does not believe that liquidation of collateral would result in payment in full of all of the debt  
21 owed to its secured creditors and that deficiencies would remain. This is true because a  
22 hypothetical chapter 7 trustee would close the dairy and be forced to liquidate the personal  
23 property which would yield far less than the values reflected in Debtor's Schedules of Assets  
24 and Liabilities and as reflected herein. A review of each general partners' personal balance  
25 sheets is warranted because Debtor is a general partnership. Debtor has determined that a  
26 hypothetical chapter 7 trustee would not recover assets from its partners for disbursement to  
27 Debtor's creditors because the partners' assets are either encumbered or exempt. See Exhibit  
28 "B."

1           Given FCW's "blanket lien," there would be no assets left to liquidate to pay creditors  
2 anything in Chapter 7. Accordingly, Debtor believes that unsecured creditors will receive a far  
3 greater distribution through Debtor's Plan and would get nothing in Chapter 7. A liquidation  
4 analysis of Debtor's property and the partners' property is attached here as Exhibit "B."

#### 5   **X. Accounting Method Used to Produce Information**

6           The accounting method used to produce the information contained in the Disclosure  
7 Statement is the cash method of accounting. Debtor's tax returns are filed on a cash basis.  
8 Debtor's fiscal year is January 1 through December 31.

#### 9   **XI. Creditor Risks**

10          Debtor believes that there is risk to creditors associated with the confirmation of the  
11 Plan. The risk includes natural changes in the price of milk and price of feed. The primary risk  
12 to creditors would be failure by Debtor to complete the payments required by the Plan and the  
13 Chapter 11 case being dismissed. Dismissal of the Chapter 11 case would allow FCW to  
14 foreclose against Debtor's real property and to obtain a writ of possession against its personal  
15 property collateral, thereby allowing FCW to repossess and liquidate their collateral and would  
16 deprive unsecured creditors of any source for repayment of their claims. Therefore, Debtor  
17 believes that the benefits associated with the Plan outweigh the risks associated with the Plan  
18 and that the Plan represents the best chance for all creditors to receive payment on their claims.

#### 19   **XII. Affiliates.**

20          Debtor does not believe that it has any affiliates other than its partners.

#### 21   **XIII. SUMMARY OF THE PLAN**

##### 22   **A. Generally**

23          Debtor will continue to operate its dairy business at the Helm Dairy after confirmation  
24 of the Plan. Debtor has evaluated its business operations and made the improvements  
25 described in paragraph III.B. in order to increase its milk production. Debtor believes that  
26 these actions will improve its business and ability to make payments required under the Plan.  
27 Based upon these improvements Debtor projects that its business will generate the cash flow  
28 necessary to make all required payments to administrative claimants, creditors secured by real

1 property, creditors secured by personal property, lessors, post-petition creditors, and to general  
2 unsecured creditors in the amounts set forth in the Plan. Budgets are attached as Exhibit "C"  
3 (the "Budgets") and demonstrate the ability of Debtor to meet the payments required under the  
4 Plan.

5 **B. Payments from Current Cash Flow**

6 In addition to its current expenses, Debtor's Plan contemplates the ability to pay its  
7 administrative claims, if any, upon the Effective Date of the Plan with the exception of its  
8 attorneys and accountants. Debtor will pay those claims after approval from the Court from  
9 current operations. On the Effective Date, it is estimated that Debtor will have about  
10 \$244,500.00 in cash on hand from its business operations for the payments required under the  
11 Plan. See the Budgets, Column "May-11", Row "Total Income Available to Make Plan  
12 Payments."

13 Debtor will make payments first to its administrative claims, second to secured claims,  
14 third to allowed convenience claims, which consist of allowed general unsecured claims of  
15 \$3,500.00 or less, and then to general unsecured claims in excess of \$3,500.00 under the Plan.

16 **C. Payments to Unimpaired Secured Creditors**

17 1. **Class Three Claim of Linder Equipment.** Linder Equipment was paid  
18 in full according to the terms of its loan documents in November 2010.

19 2. **Class Four Claim of Laura Merritt.** Mrs. Merritt's Class Four Claim  
20 is secured by a deed of trust behind FCW against the Helm Dairy. The Class Four Claim was  
21 about \$392,573.88 on the Petition Date. The Class Four Claim shall be paid under the terms of  
22 the promissory note and deed of trust executed in favor of the Class Four Claimant until the  
23 Class Four Claim is paid in full.

24 3. **Class Five Claim of Ruth Ann Latson.** Mrs. Latson's Class Five  
25 Claim is secured by a deed of trust behind FCW against the Helm Dairy. The Class Five Claim  
26 was about \$392,573.88 on the Petition Date. The Class Five Claim shall be paid under the  
27 terms of the promissory note promissory note and deed of trust executed in favor of the Class  
28 Five Claimant until the Class Five Claim is paid in full.

**D. Payments to FCW, FLCA AND FCW, PCA**

1. FCW, FCLA's claim secured by real and personal property is classified as a Class Six Claim under the Plan. The Class Six Claim was about \$10,805,281.94 on the Petition Date. Debtor will make payments to FCW, FCLA on its Class Six Claim of interest and principal totaling \$67,000.00 per month. The Class Six Claim will accrue interest at the fixed rate of 4.5% per annum and shall be amortized over twenty years. The Class Six Claim will be all due and payable ten years from the Effective Date of the Plan, which Debtor estimates to be April 30, 2021.

2. FCW, PCA's claim secured by real and personal property is classified as a Class Seven Claim. The Class Seven Claim was about \$7,734,615.15 on the Petition Date. Debtor will make payments to FCW, PCA on its Class Seven Claim of interest and principal totaling \$48,000.00 per month. The Class Seven Claim will accrue interest at the fixed rate of 4.5% per annum and shall be amortized over twenty years. The Class Seven Claim will be all due and payable ten years from the Effective Date of the Plan, which Debtor estimates to be April 30, 2021.

3. An amortization period of 20 years for the claims held by FCW was selected by Debtor because (a) FCW's claims are secured by real property and the law provides that debts secured by real property may be amortized and paid over 20 to 30 years, (b) a 20-year amortization is more favorable to FCW than a 30-year amortization and Debtor hopes to garner FCW's support of the plan, (c) a 20-year amortization will allow a greater amount of each payment to be applied to the principal balance of the debt than a 30-year amortization, which will allow Debtor to reduce its obligation to FCW and enable Debtor to secure replacement financing before the 10-year balloon payment comes due, and (d) Debtor's anticipated cash flow does not allow for a shorter amortization period because that would result in higher payments.

**E. Payments to Penny Newman Grain Company**

PNG's claim secured by a dairy cattle supply lien is classified as a Class Eight Claim. Debtor estimates that the Class Eight Claim was about \$136,717.20 on the Petition Date. PNG



disagrees with Debtor's estimate as discussed above. Debtor will make payments to PNG on its Class Eight Claim of interest and principal totaling \$2,575.00 per month. The Class Eight Claim will accrue interest at the rate of 4.75% per annum and will be amortized and paid over five years.

**F. Payments to Penny Newman Milling, LLC**

PNM's claim secured by a dairy cattle supply lien is classified as a Class Nine Claim. The Class Nine Claim was about \$101,672.44 on the Petition Date. Debtor will make payments to PNM on its Class Nine Claim of interest and principal totaling \$1,910.00 per month. The Class Nine Claim will accrue interest at the rate of 4.75% per annum and will be amortized and paid over five years.

**G. Payments to Fresno County Tax Collector**

The Fresno County Tax Collector's ("FCTC") claim secured by a lien against the Helm Dairy is classified as a Class Ten Claim. The Class Eight Claim was about \$45,241.14 on the Petition Date. Debtor will make payments to FCTC on its Class Ten Claim of interest and principal totaling \$4,150.00 per month. The Class Ten Claim will accrue interest at the rate of 18% per annum and will be amortized and paid over one year.

**H. Payments to Western Finance and Lease**

Western Finance and Lease's ("WF") claim secured by a security interest in a 2010 Supreme Model 1200 Mixer is classified as a Class Eleven Claim. The Class Eleven Claim was about \$77,850.57 on the Petition Date. Debtor will make payments to WF on its Class Eleven Claim of interest and principal totaling \$1,400.00 per month. The Class Eleven Claim will accrue interest at the rate of 7.11% per annum and will be amortized and paid over six years.

**I. Payments to Under Secured or Unsecured Creditors**

Debtor believes that the income received from current operations will be sufficient to repay about 22% of its unsecured claims. Administrative convenience class claimants (claimants' holding claims of \$3,500 or less or electing to be treated as such) will receive a total of \$4,000.00 paid pro rata to claimants within thirty days of the Effective Date of the Plan.

1 The general unsecured claimants, other than administrative convenience class claimants, will  
2 be receive a pro rata share of semi-annual payments in the amount of \$50,000.00 for a period of  
3 five years.

4 An itemization of the treatment of the creditors under the Plan is attached hereto as  
5 Exhibit "D."

#### 6 **XIV. Means of Execution**

7 During Chapter 11, Debtor has generated income of about \$838,763.70 per month even  
8 with the milk prices being low. As reflected in the Budgets, Debtor's ongoing operations will  
9 be sufficient to meet ongoing expenses, make the secured creditor payments under the Plan and  
10 make the payments to general unsecured creditors. Debtor's Budgets reflecting these payments  
11 is attached as Exhibit "C."

12 The assumptions underlying the Budgets are consistent with its historical performance  
13 and the Debtor's opinion.

#### 14 **XV. Alternative to Plan**

15 Dismissal of the case or conversion to Chapter 7 are alternatives available to Debtor if  
16 the Plan is not confirmed. Debtor believes that confirmation of the Plan is preferable to the  
17 dismissal of its case because dismissal of the case would result in foreclosure by secured  
18 creditors on their collateral, termination of the business operated by Debtor, and loss of  
19 employment for Debtor's employees. Moreover, Debtor believes that all creditors will receive  
20 payment faster and at a lower cost of administration through the Plan than would occur in the  
21 event of conversion to Chapter 7. Debtor does not believe that unsecured creditors would  
22 receive any payment of their claims if the case was converted to Chapter 7 because Debtor  
23 believes that the liquidation value of their assets is less than the going concern value of their  
24 assets.

#### 25 **XVI. Solicitation of Acceptances**

26 The purpose of the Disclosure Statement is to provide adequate information to creditors  
27 pursuant to provisions of the Bankruptcy Code. Each creditor should consult with its own  
28

///

KLEIN, DeNATALE, GOLDNER,  
COOPER, ROSENLIB & KIMBALL, LLP  
4550 CALIFORNIA AVENUE, SECOND FLOOR  
BAKERSFIELD, CALIFORNIA 93309

1 legal, tax or financial advisor to the extent it deems necessary to understand the effect that  
2 confirmation of the Plan or failure of confirmation may have on its particular situation.

3 Date: March \_\_, 2011

SHADY ACRES DAIRY

4  
5 By \_\_\_\_\_  
BEVERLY ANKER, Managing Partner

6 **APPROVED:**

7 KLEIN, DeNATALE, GOLDNER,  
8 COOPER, ROSENLIB & KIMBALL, LLP

9 By \_\_\_\_\_  
10 HAGOP T. BEDOYAN  
JACOB L. EATON  
Attorneys for Debtor-in-Possession

**SHADY ACRES DAIRY**  
**December 31, 2010 and 2009**  
**Financial Statements**  
**And**  
**Additional Information**  
**With**  
**Accountants' Review Report**



Moore Stephens Wurth Frazer and Torbet, LLP

Shady Acres Dairy  
PO Box 153  
Helm, California 93627

We have reviewed the accompanying balance sheets of Shady Acres Dairy as of December 31, 2010 and 2009, and the related statements of operations, partners' capital and cash flows for the years then ended. A review includes primarily applying analytical procedures to members' financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exception of the matters described in the following paragraph, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Under generally accepted accounting principles, all loans due within one year of the balance sheet date should be shown as current liabilities. At the request of the Company's management, debt amounting to \$4,100,000 is shown as long term, even though the loans are due within one year. Lastly, management has informed us that certain ongoing farming operations of the Company are presented in the income statement in the caption other income (loss) on a net basis and that, if generally accepted accounting principles had been followed, revenues and expenses would have increased. See Schedule 2 for gross revenues and expenses.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 7, on August 9, 2010, the Company filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code and was authorized to continue managing and operating the business as a debtor in possession subject to the control and supervision of the Bankruptcy Court. Those conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Exhibit A

Page 20



Moore Stephens Wurth Frazer and Torbet, LLP

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedules 1, 2 and 3 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

*Moore Stephens Wurth Frazer and Torbet, LLP*  
Certified Public Accountants

February 7, 2011

Exhibit A  
Page 21

# SHADY ACRES DAIRY

## BALANCE SHEET AS OF DECEMBER 31, 2010 AND 2009 (See Accountants' Review Report)

### ASSETS

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS:</b>		
Cash in banks, (Note 1):		
Rabobank, Visalia:		
Checking	\$ 0	\$ 45,050
Debtor in possession, general	1,340	0
Debtor in possession, tax	3,164	0
Debtor in possession, administrative	6,112	0
Farm Credit West, Tulare	0	58,422
Accounts receivable, California Dairies, Inc., (Note 1)	858,458	446,434
Investment in growing crops, (Note 3)	73,475	300,000
Inventories, pledged, (Note 1)	975,115	1,000,914
Prepaid expenses	46,015	39,035
Deposits paid to PG&E	25,913	0
Total current assets	<u>\$ 1,989,592</u>	<u>\$ 1,889,855</u>
 DAIRY HERD, pledged, (Note 1)	 \$ 6,123,837	 \$ 5,728,471
Less accumulated depreciation	913,390	790,522
Dairy herd, net	<u>\$ 5,210,447</u>	<u>\$ 4,937,949</u>
 DAIRY FARM AND EQUIPMENT, partially pledged, (Note 1):		
Buildings and improvements	\$ 305,762	\$ 305,762
Five Points buildings and equipment	9,641,930	9,426,190
Dairy equipment	3,146,785	3,150,877
Office fixtures and equipment	2,894	2,894
Autos and trucks	75,223	75,223
Farmland improvements	486,060	486,060
Land, (1,178.06 acres), pledged	2,774,494	2,774,494
Personal residence and improvements	547,592	41,623
Totals	<u>\$ 16,980,740</u>	<u>\$ 16,263,123</u>
Less accumulated depreciation	4,462,592	3,762,734
Dairy farm and equipment, net	<u>\$ 12,518,148</u>	<u>\$ 12,500,389</u>
 OTHER ASSETS:		
Pool quota, pledged, (Note 1)	\$ 1,270,150	\$ 1,270,150
Loan fees	34,545	37,482
Construction in progress	41,114	276,631
Note receivable, Christopher Anker, a related party, (Note 4)	1,000	14,000
ADM Investors, hedge account, at market value	757	757
Investments, at cost, (Note 1)	438,518	530,957
Total other assets	<u>\$ 1,786,084</u>	<u>\$ 2,129,977</u>
 Total assets	<u><u>\$ 21,504,271</u></u>	<u><u>\$ 21,458,170</u></u>

The accompanying notes are an integral part of this statement.

## EXHIBIT A

<u>LIABILITIES AND CAPITAL</u>		
	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable:		
Feed	\$ 617,133	\$ 606,070
Trade	804,584	623,370
Payroll taxes	0	7,459
Accrued expenses	95,227	65,201
Notes payable:		
Farm Credit West, Tulare:		
Secured by feed inventories, variable monthly payments, including 3.75% interest	2,600,000	2,600,000
Secured by real estate, cattle and feed inventories, variable monthly payments, including 3.75% interest	365,592	365,592
Secured by feed payables, variable monthly payments, plus 3.75% interest	204,314	179,405
Secured by feed and herd inventories, variable monthly payments, plus 3.75% interest	400,000	164,412
Secured by operations, variable monthly payments, plus 3.75% interest	35,456	0
Linder Equipment Company, secured by equipment, payable \$3,968 monthly, plus 8.00% interest	0	38,613
J.D. Heiskell, secured by feed inventories, payable \$12,500 monthly, plus 5.00% interest	198,226	267,261
Foster Poultry Farms, secured by feed inventories, payable \$10,000 monthly, plus 3.25% interest	208,242	312,177
Harris Woolf Almonds, secured by feed inventories, payable \$10,000 monthly, plus 5.25% interest	242,177	278,242
Penny Newman Grain, secured by feed inventories:		
Payable \$10,000 monthly, plus 5.00% interest	112,659	170,159
Payable \$10,000 monthly, plus 5.00% interest	60,876	120,876
Estimated current portion of long-term debt	419,000	904,000
Total current liabilities	<u>\$ 6,363,486</u>	<u>\$ 6,702,837</u>
<b>LONG-TERM DEBT, (Note 2)</b>		
Notes and loans payable	\$ 15,545,682	\$ 15,022,205
Less estimated current portion of long-term debt	<u>(419,000)</u>	<u>(904,000)</u>
Long-term debt, net	<u>\$ 15,126,682</u>	<u>\$ 14,118,205</u>
<b>SHADY ACRES DAIRY, PARTNERS' CAPITAL:</b>		
Balances as of December 31, 2010 and 2009, Exhibit C	<u>\$ 14,103</u>	<u>\$ 637,128</u>
<b>Total liabilities and capital</b>	<u>\$ 21,504,271</u>	<u>\$ 21,458,170</u>



## SHADY ACRES DAIRY

STATEMENT OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

	<u>2010</u>		<u>2009</u>	
	<u>AMOUNT</u>	<u>PER CWT OF MILK</u>	<u>AMOUNT</u>	<u>PER CWT OF MILK</u>
<b>INCOME:</b>				
Milk	\$ 7,858,109	\$ 14.33	\$ 4,346,335	\$ 11.24
Colostrum milk	0	0.00	1,707	0.00
Calves and heifers, net	311,002	0.57	167,270	0.43
USDA assistance	0	0.00	76,336	0.20
Patronage dividend	143,915	0.26	81,813	0.21
Milk hedging	0	0.00	(17,147)	(0.04)
Interest income	1,287	0.00	0	0.00
Other	6,374	0.01	45,047	0.12
Total income	<u>\$ 8,320,687</u>	<u>\$ 15.17</u>	<u>\$ 4,701,361</u>	<u>\$ 12.16</u>
<b>EXPENSES:</b>				
Feed:				
Hay	\$ 1,411,748	\$ 2.57	\$ 1,710,475	\$ 4.42
Grain	2,865,891	5.23	2,255,618	5.83
Silage	1,436,989	2.62	1,807,451	4.67
Less allocation to heifer raising program	<u>(1,394,230)</u>	<u>(2.54)</u>	<u>(1,339,580)</u>	<u>(3.46)</u>
Total feed	<u>\$ 4,320,398</u>	<u>\$ 7.88</u>	<u>\$ 4,433,964</u>	<u>\$ 11.46</u>
Labor	<u>\$ 555,006</u>	<u>\$ 1.01</u>	<u>\$ 526,580</u>	<u>\$ 1.36</u>
Herd replacement cost:				
Depreciation of dairy herd	\$ 519,045	\$ 0.95	\$ 469,194	\$ 1.21
Loss on sale of cows	168,503	0.31	186,336	0.48
Total herd replacement cost	<u>\$ 687,548</u>	<u>\$ 1.26</u>	<u>\$ 655,530</u>	<u>\$ 1.69</u>
Operating expenses, (Schedule 1)	<u>\$ 3,333,560</u>	<u>\$ 6.09</u>	<u>\$ 3,361,440</u>	<u>\$ 8.66</u>
Total expenses	<u>\$ 8,896,512</u>	<u>\$ 16.24</u>	<u>\$ 8,977,514</u>	<u>\$ 23.17</u>
Loss from dairy operations	<u>\$ (575,825)</u>	<u>\$ (1.07)</u>	<u>\$ (4,276,153)</u>	<u>\$ (11.01)</u>
<b>OTHER INCOME (LOSS):</b>				
Gain (loss) on sale of assets	\$ (45,630)	\$ (0.08)	\$ 7,504	\$ 0.02
Income from legal settlements, (Note 5)	0	0.00	60,000	0.16
Income from farming operations, (Schedule 2)	<u>130,018</u>	<u>0.24</u>	<u>368,259</u>	<u>0.95</u>
Total other income	<u>\$ 84,388</u>	<u>\$ 0.16</u>	<u>\$ 435,763</u>	<u>\$ 1.13</u>
Net loss	<u>\$ (491,437)</u>	<u>\$ (0.91)</u>	<u>\$ (3,840,390)</u>	<u>\$ (9.88)</u>

The accompanying notes are an integral part of this statement.

## SHADY ACRES DAIRY

STATEMENT OF PARTNERS' CAPITAL ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

	<u>TOTAL</u>	<u>TRUST OF EDWARD ANKER</u>	<u>BEVERLY ANKER</u>	<u>EDWARD C. ANKER</u>	<u>CHRISTOPHER ANKER</u>	<u>JOSHUA ANKER</u>
Balances as of January 1, 2009	\$ 4,901,120	\$ 2,992,511	\$ 1,024,288	\$ 322,719	\$ 291,012	\$ 270,590
Prior period adjustment, (Note 6)	<u>(376,522)</u>	<u>(188,262)</u>	<u>(75,304)</u>	<u>(37,652)</u>	<u>(37,652)</u>	<u>(37,652)</u>
Balances as of January 1, 2009, as restated	\$ 4,524,598	\$ 2,804,249	\$ 948,984	\$ 285,067	\$ 253,360	\$ 232,938
Capital contribution	86,695	0	0	0	0	86,695
Net loss, Exhibit B	<u>(3,840,390)</u>	<u>(1,920,195)</u>	<u>(768,078)</u>	<u>(384,039)</u>	<u>(384,039)</u>	<u>(384,039)</u>
Totals	\$ <u>770,903</u>	\$ <u>884,054</u>	\$ <u>180,906</u>	\$ <u>(98,972)</u>	\$ <u>(130,679)</u>	\$ <u>(64,406)</u>
Deduct withdrawals:						
Donations	\$ 14,100	\$ 0	\$ 3,525	\$ 3,525	\$ 3,525	\$ 3,525
Medical	7,020	0	401	5,692	635	292
Personal	<u>112,655</u>	<u>0</u>	<u>55,664</u>	<u>18,800</u>	<u>19,222</u>	<u>18,969</u>
Total withdrawals	\$ <u>133,775</u>	\$ <u>0</u>	\$ <u>59,590</u>	\$ <u>28,017</u>	\$ <u>23,382</u>	\$ <u>22,786</u>
Balances as of December 31, 2009, (deficit)	\$ <u>637,128</u>	\$ <u>884,054</u>	\$ <u>121,316</u>	\$ <u>(126,989)</u>	\$ <u>(154,061)</u>	\$ <u>(87,192)</u>
Capital contribution	9,903	0	803	0	0	9,100
Net loss, Exhibit B	<u>(491,437)</u>	<u>(245,718)</u>	<u>(98,287)</u>	<u>(49,144)</u>	<u>(49,144)</u>	<u>(49,144)</u>
Totals	\$ <u>155,594</u>	\$ <u>638,336</u>	\$ <u>23,832</u>	\$ <u>(176,133)</u>	\$ <u>(203,205)</u>	\$ <u>(127,236)</u>
Deduct withdrawals:						
Donations	\$ 7,100	\$ 0	\$ 1,775	\$ 1,775	\$ 1,775	\$ 1,775
Medical	2,526	0	0	2,055	0	471
Personal	<u>131,865</u>	<u>0</u>	<u>44,165</u>	<u>30,100</u>	<u>28,800</u>	<u>28,800</u>
Total withdrawals	\$ <u>141,491</u>	\$ <u>0</u>	\$ <u>45,940</u>	\$ <u>33,930</u>	\$ <u>30,575</u>	\$ <u>31,046</u>
Balances as of December 31, 2010, (deficit)	\$ <u>14,103</u>	\$ <u>638,336</u>	\$ <u>(22,108)</u>	\$ <u>(210,063)</u>	\$ <u>(233,780)</u>	\$ <u>(158,282)</u>

The accompanying notes are an integral part of this statement.

## SHADY ACRES DAIRY

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (491,437)	\$ (3,840,390)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	1,275,287	1,150,249
Loss on sale of cows	168,503	186,336
(Gain) loss on sale of equipment	45,630	(7,504)
Gain on sale of heifers	(5,217)	(7,011)
(Increase) decrease in assets:		
Accounts receivable and deferred loan fees	(409,087)	60,947
Investment in growing crops	226,525	(125,680)
Inventories, prepaid expenses and deposits	(7,094)	2,129,194
Increase (decrease) in liabilities:		
Accounts payable and payroll taxes	184,818	(196,449)
Accrued expenses	30,025	(19,553)
Net cash (used in) provided by operating activities	\$ <u>1,017,953</u>	\$ <u>(669,861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of cows	\$ 347,034	\$ 309,572
Proceeds from sale of assets	31,000	15,000
Proceeds from sale of heifers	92,367	22,631
Purchase of new dairy equipment and improvements	(850,630)	(1,650,818)
Purchase of land	0	(257,120)
(Increase) decrease in construction in progress	235,517	(238,160)
Decrease in notes receivable	13,000	10,000
Increase in value of self-raised animals	(1,394,230)	(1,339,580)
(Increased) decreased investment in California Dairies, Inc.	92,439	(82,186)
(Increased) decreased investment in ADM Investors	0	(757)
Net cash used in investing activities	\$ <u>(1,433,503)</u>	\$ <u>(3,211,418)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term debt, net	\$ (104,651)	\$ 1,469,014
Repayment of long-term debt	(697,190)	(1,212,238)
Borrowings of long-term debt	1,256,123	3,737,339
Capital contributions	9,903	86,695
Personal withdrawals	(141,491)	(133,775)
Net cash provided by financing activities	\$ <u>322,694</u>	\$ <u>3,947,035</u>
<b>NET CHANGE IN CASH FOR THE YEARS</b>	\$ (92,856)	\$ 65,756
<b>CASH, January 1</b>	<u>103,472</u>	<u>37,716</u>
<b>CASH, December 31</b>	<u>\$ 10,616</u>	<u>\$ 103,472</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ <u>819,237</u>	\$ <u>806,331</u>

The accompanying notes are an integral part of this statement.

## SHADY ACRES DAIRY

### NOTES TO THE FINANCIAL STATEMENTS (See Accountants' Review Report)

#### **Note 1 - Summary of significant accounting policies**

##### Nature of operations

Shady Acres Dairy is a partnership operating a dairy farm located in Helm, California. The Dairy produces milk for sale to a cooperative, of which they are a member. The Dairy raises its own replacement animals which takes approximately 24-27 months to reach maturity and be placed in the milking herd. The Dairy also farms approximately 970 acres. The majority of the farm crops grown are fed to the dairy animals. The primary cost of the production of milk is the hay and grain fed to the cows. Fluctuations of price, availability and quality in these commodities can greatly affect profitability. The dairy also owns a dairy facility in Visalia, California and leased the facility to a third party through August 2006. In September 2006 the Dairy commenced dairy operations at the Visalia facility.

##### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

##### Accounting method and income taxes

The Dairy's books and records are maintained on the cash receipts and disbursements method of accounting and items of income and expense are so reported for income tax purposes. The accompanying financial statements have been prepared on the accrual basis and, accordingly, reflect accounts receivable, inventories, investment in growing crops, unpaid trade payables and accrued expenses where these amounts are material.

Federal and State income taxes have not been provided for as each partner is individually obligated for income taxes on his or her share of partnership income.

##### Financial instruments

The accounting standards regarding fair value of financial instruments and related fair value measurements define financial instruments, define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement, and enhance disclosure requirements for fair value measures. The Dairy's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, notes payable and long-term debt. Management believes the carrying amount for cash and cash equivalents, accounts receivable, and accounts payable approximate their fair value based on their short-term nature. The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rates.

##### Revenue recognition

The Dairy follows the accounting standard regarding revenue recognition which specifies that revenue should be realized or realizable and earned when four criteria are met: persuasive evidence of an arrangement exists; product is shipped or services have been rendered; the seller's price to the buyer is fixed or determinable and; collectability of payment is reasonably assured.

SHADY ACRES DAIRY  
NOTES TO THE FINANCIAL STATEMENTS  
(See Accountants' Review Report)

**Note 1 - Summary of significant accounting policies, (continued)**

Cash in bank

The Dairy periodically throughout the year has maintained balances in its checking account in excess of federally insured limits. The Dairy has not experienced any losses in such accounts. The Dairy believes it is not exposed to any significant risks on cash in bank deposit accounts.

Cash and cash equivalents

For purposes of the statement of cash flows, the Dairy considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Marketable securities

The Dairy does not own marketable debt or equity securities.

Supply management program

Effective April 1, 2008, Shady Acres Dairy has an established maximum shipping right of 146,200 lbs. shipped on a daily basis to its cooperative, California Dairies, Inc.

Any milk shipped above this right will have the costs charged back to the producer for shipping, marketing, disposing and all administration costs for the handling of such excess milk. Any charges incurred over allocation milk will be settled on a monthly basis.

The shipping right is not valued on the accompanying balance sheet but is transferable at established market rates.

Accounts receivable

All of the Dairy's receivables from milk are from one customer, California Dairies, Inc. The receivable is due within 30 days. The Dairy believes the risk of loss on this receivable is very small and, accordingly, no allowance for doubtful accounts has been included.

# SHADY ACRES DAIRY

## NOTES TO THE FINANCIAL STATEMENTS (See Accountants' Review Report)

### Note 1 - Summary of significant accounting policies, (continued)

#### Inventories

Inventories as of December 31, 2010 and 2009 are carried at the lower of cost or market (first-in, first-out method) and are based upon estimated quantities. They consisted of the following:

	<u>2010</u>			<u>2009</u>		
	<u>TONS</u>	<u>PER TON</u>	<u>AMOUNT</u>	<u>TONS</u>	<u>PER TON</u>	<u>AMOUNT</u>
Hay	2,959	\$ 156	\$ 462,102	1,724	\$ 136	\$ 235,120
Grain	954	190	181,142	466	171	79,795
Silage	7,320	41	297,569	19,393	35	685,999
Hay, at dealers			30,382			0
Silage, at dealers			<u>3,920</u>			<u>0</u>
Totals			\$ <u>975,115</u>			\$ <u>1,000,914</u>

#### Dairy herd

The dairy herd as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>			<u>2009</u>		
	<u>NUMBER OF HEAD</u>	<u>PER HEAD</u>	<u>AMOUNT</u>	<u>NUMBER OF HEAD</u>	<u>PER HEAD</u>	<u>AMOUNT</u>
Purchased cows	5	\$ 850	\$ 4,250	16	\$ 1,099	\$ 17,578
Self-raised cows	3,502	1,276	4,469,667	2,824	1,228	3,468,753
Self-raised heifers	2,356	700	<u>1,649,920</u>	2,773	809	<u>2,242,140</u>
Totals			\$ <u>6,123,837</u>			\$ <u>5,728,471</u>

The purchased cows are carried at cost. The self-raised animals are carried at a value which is based upon the estimated cost to raise them to their respective age up to approximately \$1,300 per milking cow. For accounting purposes, the dairy cows are retired on a first-in, first-out basis and the resultant gain or loss on cows sold or otherwise disposed of is reflected in income. Depreciation is computed at the rate of 12.5% per year.

Depreciation expense for the years ended December 31, 2010 and 2009 amounted to \$519,045 and \$469,194, respectively.

SHADY ACRES DAIRY

NOTES TO THE FINANCIAL STATEMENTS  
(See Accountants' Review Report)

**Note 1 - Summary of significant accounting policies, (continued)**

Dairy farm and equipment

Long-term assets of the Dairy are reviewed annually as to whether their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. Management also re-evaluates the periods of amortization to determine whether subsequent events and circumstances warrant revised estimates of useful lives. As of December 31, 2010, management expects these assets to be fully recoverable.

Dairy farm and equipment are stated at cost. Depreciation is computed using the straight-line method over estimated useful lives of 10 to 15 years for improvements and 7 to 10 years for dairy equipment.

Depreciation expense for the years ended December 31, 2010 and 2009 consisted of \$726,916 and \$638,981, respectively, for the dairy and \$29,326 and \$42,074, respectively, for the farm.

Included in land is \$1,539,374 of value that was agreed upon in a like-kind exchange, which had been treated as a tax-deferred transaction. If in the event the land presently owned is ever disposed of in a taxable transaction, income taxes based on capital gains tax rates in effect at the time will become payable on the excess of the sales proceeds over the federal tax basis of \$821,374.

Pool quota

Pool quota is stated at cost and represents the right to ship 1,315 pounds of butterfat and 3,182 pounds of solids-non-fat daily under the California Milk Pooling Plan. The right entitles the shipper to a higher price for milk shipped under the certificate. Pool quota has an undeterminable useful life and is transferable at established market values.

Investments

Investments as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Investments, at cost		
California Dairies, Inc.	\$ 425,375	\$ 517,814
Farm Credit West	1,000	1,000
Stinson Canal & Irrigation	<u>12,143</u>	<u>12,143</u>
Totals	\$ <u>438,518</u>	\$ <u>530,957</u>

Subsequent event

The Dairy has performed an evaluation of subsequent events through February 7, 2011, the date the financial statements were available to be issued. Management believes that no events occurred subsequent to December 31, 2010 that is required to be recorded or disclosed in the financial statements.

# SHADY ACRES DAIRY

## NOTES TO THE FINANCIAL STATEMENTS (See Accountants' Review Report)

### Note 2 - Long-term debt

The long-term debt as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Notes and loans payable:		
Ruth Ann Latson, a related party, secured by real estate, payable \$2,306 monthly plus variable interest, (Note 5)	\$ 382,384	\$ 410,054
Laura Brown, a related party, secured by real estate, payable \$2,306 monthly plus variable interest, (Note 5)	382,384	410,054
Farm Credit West, Tulare:		
Secured by dairy herd, variable interest only payments, payable monthly at 3.75% interest	4,100,000	4,100,000
Secured by land, payable \$33,413 monthly including 6.65% interest	4,469,730	4,613,555
Secured by land, payable \$9,514 monthly including 3.75% interest	1,653,198	1,704,322
Secured by land, held jointly by Beverly J. Anker and Edward G. Anker Testamentary Trust 08/27/96, payable \$5,157 monthly including 3.75% interest	809,122	840,033
Secured by land, payable \$1,992 monthly including 3.75% interest	370,632	380,444
Secured by land, payable \$5,162 monthly including 3.75% interest	960,186	985,605
Secured by real estate construction, payable \$12,571 monthly including 3.75% interest	2,344,101	1,578,138
Western Finance & Lease, secured by equipment, payable \$1,346 monthly, including 7.72% interest	<u>73,945</u>	<u>0</u>
Long-term debt	\$ <u>15,545,682</u>	\$ <u>15,022,205</u>

The bank debt which is secured by the dairy herd is renewed annually as this is the common bank industry practice relating to these types of loans. Renewal of these loans is expected and has regularly occurred. Therefore, the loans are classified as long-term and match the character of the underlying security.

Estimated principal repayment requirements of long-term debt based on existing terms as of December 31, 2010 for the next five years are as follows:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u> <u>REPAYMENT</u>
2011	\$ 419,000
2012	434,000
2013	449,000
2014	465,000
2015	480,000
Thereafter	13,298,682



## SHADY ACRES DAIRY

### NOTES TO THE FINANCIAL STATEMENTS (See Accountants' Review Report)

#### **Note 3 - Investment in growing crops**

The investment in growing crops represents the estimated farming costs incurred to date that are applicable to crops to be harvested in the future. These costs will be charged to operations in the period that the related crops are taken into income.

#### **Note 4 - Related party transactions**

The note receivable from Christopher Anker, a related party, is for money loaned for personal purposes.

The notes payable to Ruth Ann Latson and Laura Brown, related parties, are for money loaned for business purposes.

#### **Note 5 - Legal proceedings**

On December 9, 2003, the Dairy was served with a copy of a summons and complaint by Israel Rossiter d/b/a Rossiter Construction. The complaint was filed in the Tulare County Superior Court, Case Number 03-208008. Plaintiff has alleged causes of action for breach of contract. Shady Acres Dairy defended the action vigorously and filed a countersuit against the plaintiff. Shady Acres Dairy also sued many of the sub-contractors that performed work under the supervision of Rossiter Construction. The lawsuit was settled in 2008 in Shady Acres Dairy's favor and the Dairy has accepted settlement agreements from several of the sub-contractors for substandard construction of \$2,083,111 received in 2008, and subsequently, \$60,000 received in 2009. The Dairy started its reconstruction project in 2008 to correct the faulty construction.

#### **Note 6 - Prior period adjustment**

The prior period adjustment is due to an understatement of grain expense for the year ended December 31, 2008 in the amount of \$376,522.

#### **Note 7 - Going Concern**

As shown in the accompanying financial statements, the Dairy's current liabilities exceed its current assets by \$4,373,894. Also, on August 9, 2010, the Company filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code and was authorized to continue managing and operating the business as a debtor in possession subject to the control and supervision of the Bankruptcy Court. Those conditions, as well as the uncertainty the Dairy faces regarding obtaining additional working capital, create an uncertainty about the Dairy's ability to continue as a going concern.

Management of the Dairy is actively implementing a plan to reorganize current debts and obligations.

## SHADY ACRES DAIRY

SCHEDULE OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

	<u>2010</u>		<u>2009</u>	
	<u>AMOUNT</u>	<u>PER CWT OF MILK</u>	<u>AMOUNT</u>	<u>PER CWT OF MILK</u>
Depreciation - other	\$ 726,916	\$ 1.33	\$ 638,981	\$ 1.65
Milk hauling	176,443	0.32	125,009	0.32
State and association charges	165,893	0.30	117,718	0.30
Operating fees	0	0.00	64,236	0.17
Supplies	316,301	0.58	279,528	0.72
Repairs and maintenance	156,883	0.29	260,047	0.67
Utilities	196,304	0.36	146,114	0.38
Tax and licenses	62,416	0.11	102,459	0.26
Payroll taxes	48,092	0.09	48,297	0.12
Auto and trucks	144,676	0.26	104,076	0.27
Insurance:				
General	47,112	0.09	44,732	0.12
Workers' compensation	41,630	0.08	40,094	0.10
Legal and accounting	83,849	0.15	171,116	0.44
Interest	808,830	1.48	771,265	1.99
Employee benefits	6,367	0.01	57,951	0.15
Veterinary and breeding	191,833	0.35	193,533	0.50
Hauling	55,207	0.10	54,324	0.14
Dues and subscriptions	1,714	0.00	5,923	0.02
Testing and trimming	83,626	0.15	97,966	0.25
Rental	0	0.00	28,292	0.07
Bedding	9,687	0.02	8,507	0.02
Miscellaneous	9,781	0.02	1,272	0.00
Total operating expenses	\$ <u>3,333,560</u>	\$ <u>6.09</u>	\$ <u>3,361,440</u>	\$ <u>8.66</u>

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## SHADY ACRES DAIRY

SCHEDULE OF FARMING OPERATION  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

	<u>2010</u>			<u>2009</u>		
	<u>TONS</u>	<u>PER TON</u>	<u>AMOUNT</u>	<u>TONS</u>	<u>PER TON</u>	<u>AMOUNT</u>
<b>INCOME:</b>						
Crop income:						
Silage	21,757	\$ 40	\$ 867,737	21,939	\$ 27	\$ 602,977
Hay	575	140	80,500	647	142	92,170
FSA payments			76,272			214,771
Rent			<u>29,474</u>			<u>16,803</u>
Total income			\$ <u>1,053,983</u>			\$ <u>926,721</u>
<b>EXPENSES:</b>						
Investment in growing						
crops, beginning of period			\$ 300,000			\$ 174,320
Depreciation			29,326			42,074
Tax and licenses			8,481			8,341
Utilities			150,240			145,807
Supplies			5,460			4,180
Custom farming and harvesting			280,660			231,791
Gas and oil			71,258			57,774
Fertilizer and pesticides			105,439			145,692
Planting			0			14,910
Repairs and maintenance			0			4,385
Equipment rental			15,847			0
Interest			30,729			29,188
Investment in growing						
crops, end of period			<u>(73,475)</u>			<u>(300,000)</u>
Total expenses			\$ <u>923,965</u>			\$ <u>558,462</u>
Net farming income			\$ <u>130,018</u>			\$ <u>368,259</u>

## SHADY ACRES DAIRY

STATISTICAL DATA  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(See Accountants' Review Report)

SALES AND PRODUCTION OF WHOLE MILK

	2010			2009		
	<u>POUNDS OF WHOLE MILK</u>	<u>SALES OF WHOLE MILK</u>	<u>PER CWT OF MILK</u>	<u>POUNDS OF WHOLE MILK</u>	<u>SALES OF WHOLE MILK</u>	<u>PER CWT OF MILK</u>
January	3,258,031	\$444,778	\$13.65	3,642,316	\$412,341	\$11.32
February	3,229,096	\$420,229	\$13.01	3,272,601	\$338,348	\$10.34
March	4,048,223	\$496,924	\$12.28	3,751,755	\$392,054	\$10.45
April	4,325,831	\$540,060	\$12.48	3,754,348	\$387,095	\$10.31
May	4,503,832	\$590,168	\$13.10	3,868,190	\$390,419	\$10.09
June	4,391,195	\$596,017	\$13.57	3,592,528	\$360,071	\$10.02
July	4,625,642	\$660,235	\$14.27	3,199,014	\$323,138	\$10.10
August	5,116,148	\$761,620	\$14.89	2,628,245	\$289,948	\$11.03
September	5,297,565	\$834,559	\$15.75	2,581,155	\$300,040	\$11.62
October	5,348,440	\$881,434	\$16.48	2,731,078	\$348,075	\$12.74
November	5,225,464	\$820,405	\$15.70	2,725,250	\$375,802	\$13.79
December	<u>5,465,943</u>	<u>\$811,680</u>	<u>\$14.85</u>	<u>2,923,934</u>	<u>\$429,004</u>	<u>\$14.67</u>
Totals	<u>54,835,410</u>	<u>\$7,858,109</u>	<u>\$14.33</u>	<u>38,670,414</u>	<u>\$4,346,335</u>	<u>\$11.24</u>

AVERAGE SALES PRICE AND TEST

	<u>2010</u>	<u>2009</u>
Per cwt of milk	\$14.33	\$11.24
Per pound of butterfat	\$1.88	\$1.26
Average butterfat test	3.44	3.67
Average solids-non-fat test	8.75	8.51

COW SALES AND HERD TURNOVER

	<u>AMOUNT</u>	<u>NUMBER OF HEAD</u>	<u>AVERAGE PER HEAD</u>
Cow sales (excluding dead cows)			
2010	\$347,034	594	\$584
2009	\$309,572	511	\$606
Dead cows		<u>2010</u> 200	<u>2009</u> 240
Herd turnover:			
Average herd		3,219	2,914
% Turnover		24.7%	25.8%

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## Shady Acres - Chapter 11 Case

Chapter 7 Comparison		Estimated Liquidation Values	
Asset			
Farmland/Dairy Facility	\$11,000,000	90% \$	9,900,000
Money on Deposit	\$10,000	100% \$	10,000
Owner's Equity in Cal. Dairies	\$435,628	50% \$	217,814
Owner's Equity in Farm Credit West	\$1,000	100% \$	1,000
Milk Proceeds	\$810,000	100% \$	810,000
Milk Quota	\$1,193,941	100% \$	1,193,941
Dairy Permit	\$0	\$	-
Office Furniture	\$3,000	25% \$	750
Livestock	\$7,968,750	\$	5,597,800
Crops	\$73,475	100% \$	73,475
Dairy Equipment (Visalia)	\$600,000	40% \$	240,000
Dairy Equipment (Helm)	\$1,704,146	60% \$	1,022,488
Case International STX500	\$130,000	70% \$	91,000
2010 Supreme 1200 Mixer	\$75,000	80% \$	60,000
Other Equipment	\$672,500	50% \$	336,250
Feed	\$759,671	80% \$	607,737
Commodities	\$215,443	100% \$	215,443
Stinson Canal & Irrigation	\$12,413	100% \$	12,413
<b>Total Partnership Assets</b>	<b>\$25,664,967</b>	<b>\$</b>	<b>20,390,111</b>
<b>Partner Assets*</b>			
Apparel and Household Goods	\$11,500	Exempt - CCP 703.140(b)(3)	
Equity in Vehicles	\$52,000	Exempt - CCP 703.140(b)(2) & (5)	
Personal Savings	\$13,575	Exempt - CCP 703.140(b)(5)	
FCW			\$18,095,000.00
Penny Newman Grain			\$134,500.00
Penny Newman Milling			\$101,762.44
Laura Merritt			\$392,573.88
Ruth Latson			\$392,573.88
Western Finance			\$77,850.57
Fresno County			\$45,000.00
<b>Total</b>			<b>(\$19,239,261)</b>
Cost of Sale - Realty			(\$656,094)
Cost of Sale Personal			(\$1,418,282)
Chapter 7 Admin.			(\$200,000)
			<b>(\$2,274,376)</b>
<b>Net</b>			<b>(\$1,123,526)</b>

\* Each partners' assets are below the amounts exemptable by a individual under CCP 703.140.

## EXHIBIT "B"

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SHADY ACRES DAIRY		March-11	April-11	May-11	June-11	July-11	August-11
MONTHLY INCREMENTS: 03.01.11-02.28.14							
Beginning Cash			\$ 11,622.00	\$ 143,449.97	\$ 253,978.63	\$ 376,979.60	\$ 488,785.27
Net Milk Check		\$ 848,232.00	\$ 1,089,256.30	\$ 985,677.00	\$ 967,519.30	\$ 905,454.00	\$ 936,215.50
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
Patronage Dividend			\$ 30,000.00				
FSA Payments							
<b>TOTAL CASH RECEIPTS:</b>		\$ 916,982	\$ 1,188,006	\$ 1,054,427	\$ 1,036,269	\$ 974,204	\$ 1,004,966
Operating Disbursements by Vendor Type:							
Feed expense		\$ 622,860.00	\$ 689,595.00	\$ 626,100.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00
Crop Cash Flow-FMV ration offset		\$ (31,000.00)	\$ (15,166.67)	\$ (15,166.67)	\$ (62,666.67)	\$ (92,666.67)	\$ (62,666.67)
Labor		\$ 53,000.00	\$ 53,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Auto and Trucks							
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00
Partner Draw		\$ 12,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
<b>(i) Total Operating Disbursements by Vendor Type:</b>		\$ 781,360.00	\$ 867,928.33	\$ 806,433.33	\$ 779,803.33	\$ 728,933.33	\$ 779,803.33
Non-Operating Disbursements:							
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Tax and licenses		\$ 500.00	\$ 55,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Chapter 11 Quarterly Fees		\$ 3,500.00	\$ 67,750.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 13,250.00
<b>(ii) Total Non-Operating Disbursements:</b>		\$ 132,122.00	\$ 252,327.97	\$ 244,493.67	\$ 252,965.97	\$ 241,770.67	\$ 211,912.17
Total Income Available to Make Plan Payments							
Plan Payments:							
Secured Plan Payments Classes 4 through 11		\$ 120,500.00	\$ 120,500.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00
Unsecured Plan Payments Classes 13 and 14			\$ 4,000.00				
<b>(iii) Total Plan Disbursements:</b>		\$ 120,500.00	\$ 120,500.00	\$ 133,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00
<b>TOTAL CASH DISBURSEMENTS:</b>		\$ 905,360.00	\$ 1,056,178.33	\$ 943,898.33	\$ 913,268.33	\$ 862,398.33	\$ 923,018.33
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:							
		\$ 11,622.00	\$ 131,827.97	\$ 110,528.67	\$ 123,000.97	\$ 111,805.67	\$ 81,947.17
<b>Ending Cash Balance</b>		\$ 11,622.00	\$ 143,449.97	\$ 253,978.63	\$ 376,979.60	\$ 488,785.27	\$ 570,732.43

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SHADY ACRES DAIRY		September-11	October-11	November-11	December-11	January-12	February-12
MONTHLY INCREMENTS: 03.01.11-02.28.14							
Beginning Cash		\$ 570,732.43	\$ 601,886.00	\$ 695,472.67	\$ 795,285.63	\$ 814,176.30	\$ 890,221.57
Net Milk Check		\$ 943,171.90	\$ 917,235.00	\$ 944,331.30	\$ 897,039.00	\$ 920,563.60	\$ 892,158.30
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
Patronage Dividend							
FSA Payments				\$ 50,000.00			
<b>TOTAL CASH RECEIPTS:</b>		<b>\$ 1,011,922</b>	<b>\$ 985,985</b>	<b>\$ 1,063,081</b>	<b>\$ 965,789</b>	<b>\$ 989,314</b>	<b>\$ 960,908</b>
Operating Disbursements by Vendor Type:							
Feed expense		\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 646,970.00
Crop Cash Flow-FMV ration offset		\$ 4,833.33	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)
Labor		\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Auto and Trucks							
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00
Partner Draw		\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
<b>(i) Total Operating Disbursements by Vendor Type:</b>		<b>\$ 847,303.33</b>	<b>\$ 758,933.33</b>	<b>\$ 779,803.33</b>	<b>\$ 758,933.33</b>	<b>\$ 779,803.33</b>	<b>\$ 779,803.33</b>
Non- Operating Disbursements:							
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Tax and licenses		\$ 500.00	\$ 500.00	\$ 500.00	\$ 55,000.00	\$ 500.00	\$ 500.00
(Chapter 11 Quarterly Fees							
<b>(ii) Total Non-Operating Disbursements:</b>		<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 58,000.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>
Total Income Available to Make Plan Payments		\$ 161,118.57	\$ 223,551.67	\$ 279,777.97	\$ 148,855.67	\$ 206,010.27	\$ 177,604.97
Secured Plan Payments Classes 4 through 11		\$ 129,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00
Unsecured Plan Payments Classes 13 and 14		\$ 129,965.00	\$ 129,965.00	\$ 179,965.00	\$ 129,965.00	\$ 129,965.00	\$ 129,965.00
<b>(iii) Total Plan Disbursements:</b>		<b>\$ 980,768.33</b>	<b>\$ 892,398.33</b>	<b>\$ 963,268.33</b>	<b>\$ 946,898.33</b>	<b>\$ 913,268.33</b>	<b>\$ 913,268.33</b>
<b>TOTAL CASH DISBURSEMENTS:</b>							
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:		\$ 31,153.57	\$ 93,586.67	\$ 99,812.97	\$ 18,890.67	\$ 76,045.27	\$ 47,639.97
Ending Cash Balance		\$ 601,886.00	\$ 695,472.67	\$ 795,285.63	\$ 814,176.30	\$ 890,221.57	\$ 937,861.53



SHADY ACRES DAIRY		March-12	April-12	May-12	June-12	July-12	August-12
MONTHLY INCREMENTS: 03.01.11-02.28.14							
Beginning Cash		\$ 937,861.53	\$ 949,207.20	\$ 910,934.37	\$ 818,606.03	\$ 830,396.70	\$ 865,568.37
Net Milk Check		\$ 793,254.00	\$ 878,245.50	\$ 824,670.00	\$ 852,159.00	\$ 824,670.00	\$ 852,159.00
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
Patronage Dividend							
FSA Payments							
<b>TOTAL CASH RECEIPTS:</b>		<b>\$ 862,004</b>	<b>\$ 976,996</b>	<b>\$ 893,420</b>	<b>\$ 920,909</b>	<b>\$ 893,420</b>	<b>\$ 920,909</b>
Operating Disbursements by Vendor Type:							
Feed expense		\$ 584,360.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00
Crop Cash Flow-FMV ration offset		\$ (62,666.67)	\$ (15,166.67)	\$ (15,166.67)	\$ (62,666.67)	\$ (92,666.67)	\$ (62,666.67)
Labor		\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Auto and Trucks							
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00
Partner Draw		\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
<b>(i) Total Operating Disbursements by Vendor Type:</b>		<b>\$ 717,193.33</b>	<b>\$ 827,303.33</b>	<b>\$ 806,433.33</b>	<b>\$ 779,803.33</b>	<b>\$ 728,933.33</b>	<b>\$ 779,803.33</b>
Non-Operating Disbursements:							
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Tax and licenses		\$ 500.00	\$ 55,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Chapter 11 Quarterly Fees							
<b>(ii) Total Non-Operating Disbursements:</b>		<b>\$ 3,500.00</b>	<b>\$ 58,000.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>
Total Income Available to Make Plan Payments		\$ 141,310.67	\$ 91,692.17	\$ 83,486.67	\$ 137,605.67	\$ 160,986.67	\$ 137,605.67
Plan Payments:							
Secured Plan Payments Classes 4 through 11		\$ 129,965.00	\$ 129,965.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00
Unsecured Plan Payments Classes 13 and 14		\$ 129,965.00	\$ 129,965.00	\$ 175,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00
<b>(iii) Total Plan Disbursements:</b>		<b>\$ 259,930.00</b>	<b>\$ 259,930.00</b>	<b>\$ 301,630.00</b>	<b>\$ 251,630.00</b>	<b>\$ 251,630.00</b>	<b>\$ 251,630.00</b>
<b>TOTAL CASH DISBURSEMENTS:</b>		<b>\$ 850,658.33</b>	<b>\$ 1,015,268.33</b>	<b>\$ 985,748.33</b>	<b>\$ 909,118.33</b>	<b>\$ 858,248.33</b>	<b>\$ 909,118.33</b>
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:							
Ending Cash Balance		\$ 949,207.20	\$ 910,934.37	\$ 818,606.03	\$ 830,396.70	\$ 865,568.37	\$ 877,359.03

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SHADY ACRES DAIRY		September-12	October-12	November-12	December-12	January-13	February-13	March-13	April-13
MONTHLY INCREMENTS: 03.01.11-02.28.14									
Beginning Cash		\$ 877,359.03	\$ 821,649.70	\$ 826,260.37	\$ 840,949.53	\$ 789,938.20	\$ 801,149.17	\$ 812,939.83	\$ 804,873.50
Net Milk Check		\$ 852,159.00	\$ 824,109.00	\$ 855,057.50	\$ 822,987.00	\$ 851,579.30	\$ 852,159.00	\$ 769,692.00	\$ 852,159.00
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
Patronage Dividend									\$ 30,000.00
FSA Payments				\$ 50,000.00					
TOTAL CASH RECEIPTS:		\$ 920,909	\$ 892,859	\$ 973,808	\$ 891,737	\$ 920,329	\$ 920,909	\$ 838,442	\$ 950,909
Operating Disbursements by Vendor Type:									
Feed expense		\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 646,970.00	\$ 584,360.00	\$ 646,970.00
Crop Cash Flow-FMV ration offset		\$ 4,833.33	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (15,166.67)
Labor		\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Auto and Trucks									
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00
Partner Draw		\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
(i) Total Operating Disbursements by Vendor Type:		\$ 847,303.33	\$ 758,933.33	\$ 779,803.33	\$ 758,933.33	\$ 779,803.33	\$ 779,803.33	\$ 717,193.33	\$ 827,303.33
Non-Operating Disbursements:									
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Tax and licenses		\$ 500.00	\$ 500.00	\$ 500.00	\$ 55,000.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 55,000.00
(Chapter 11 Quarterly Fees)									
(ii) Total Non-Operating Disbursements:		\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 58,000.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 58,000.00
Total Income Available to Make Plan Payments		\$ 70,105.67	\$ 130,425.67	\$ 190,504.17	\$ 74,803.67	\$ 137,025.97	\$ 137,605.67	\$ 117,748.67	\$ 65,605.67
Plan Payments:									
Secured Plan Payments Classes 4 through 11		\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00
(Unsecured Plan Payments Classes 13 and 14)				\$ 50,000.00					
(iii) Total Plan Disbursements:		\$ 125,815.00	\$ 125,815.00	\$ 175,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00
TOTAL CASH DISBURSEMENTS:		\$ 976,618.33	\$ 888,248.33	\$ 959,118.33	\$ 942,748.33	\$ 909,118.33	\$ 909,118.33	\$ 846,508.33	\$ 1,011,118.33
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:		\$ (55,709.33)	\$ 4,610.67	\$ 14,689.17	\$ (51,011.33)	\$ 11,210.97	\$ 11,790.67	\$ (8,066.33)	\$ (60,209.33)
Ending Cash Balance		\$ 821,649.70	\$ 826,260.37	\$ 840,949.53	\$ 789,938.20	\$ 801,149.17	\$ 812,939.83	\$ 804,873.50	\$ 744,664.17

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SHADY ACRES DAIRY		May-13	June-13	July-13	August-13	September-13	October-13	November-13	December-13
MONTHLY INCREMENTS: 03.01.11-02.28.14									
Beginning Cash		\$ 744,664.17	\$ 652,335.83	\$ 664,126.50	\$ 699,298.17	\$ 711,088.83	\$ 655,379.50	\$ 660,551.17	\$ 672,341.83
Net Milk Check		\$ 824,670.00	\$ 852,159.00	\$ 824,670.00	\$ 852,159.00	\$ 852,159.00	\$ 824,670.00	\$ 852,159.00	\$ 824,670.00
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00	\$ 29,250.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
Patronage Dividend									
FSA Payments								\$ 50,000.00	
<b>TOTAL CASH RECEIPTS:</b>		<b>\$ 893,420</b>	<b>\$ 920,909</b>	<b>\$ 893,420</b>	<b>\$ 920,909</b>	<b>\$ 920,909</b>	<b>\$ 893,420</b>	<b>\$ 970,909</b>	<b>\$ 893,420</b>
Operating Disbursements by Vendor Type:									
Feed expense		\$ 626,100.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 646,970.00	\$ 626,100.00	\$ 646,970.00	\$ 626,100.00
Crop Cash Flow-FMV ration offset		\$ (15,166.67)	\$ (62,666.67)	\$ (92,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)	\$ (62,666.67)
Labor		\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00	\$ 28,500.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00
Auto and Trucks									
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00
Partner Draw		\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
<b>(i) Total Operating Disbursements by Vendor Type:</b>		<b>\$ 806,433.33</b>	<b>\$ 779,803.33</b>	<b>\$ 728,933.33</b>	<b>\$ 779,803.33</b>	<b>\$ 847,303.33</b>	<b>\$ 758,933.33</b>	<b>\$ 779,803.33</b>	<b>\$ 758,933.33</b>
Non-Operating Disbursements:									
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Tax and licenses		\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
(Chapter 11 Quarterly Fees									
<b>(ii) Total Non-Operating Disbursements:</b>		<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>
Total Income Available to Make Plan Payments		\$ 83,486.67	\$ 137,605.67	\$ 160,986.67	\$ 137,605.67	\$ 70,105.67	\$ 130,986.67	\$ 187,605.67	\$ 76,486.67
Plan Payments:									
Secured Plan Payments Classes 4 through 11		\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00	\$ 125,815.00
Unsecured Plan Payments Classes 13 and 14		\$ 50,000.00						\$ 50,000.00	
<b>(iii) Total Plan Disbursements:</b>		<b>\$ 175,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 175,815.00</b>	<b>\$ 125,815.00</b>
<b>TOTAL CASH DISBURSEMENTS:</b>		<b>\$ 985,748.33</b>	<b>\$ 909,118.33</b>	<b>\$ 858,248.33</b>	<b>\$ 909,118.33</b>	<b>\$ 976,618.33</b>	<b>\$ 888,248.33</b>	<b>\$ 959,118.33</b>	<b>\$ 942,748.33</b>
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:									
Ending Cash Balance		\$ (92,328.33)	\$ 11,790.67	\$ 35,171.67	\$ 11,790.67	\$ (55,709.33)	\$ 5,171.67	\$ 11,790.67	\$ (49,328.33)
		\$ 652,335.83	\$ 664,126.50	\$ 699,298.17	\$ 711,088.83	\$ 655,379.50	\$ 660,551.17	\$ 672,341.83	\$ 623,013.50

SHADY ACRES DAIRY		January-14	February-14	Total
MONTHLY INCREMENTS: 03.01.11-02.28.14				36 months
Beginning Cash		\$ 623,013.50	\$ 634,804.17	
Net Milk Check		\$ 852,159.00	\$ 852,159.00	\$ 31,363,546.50
Calf Income		\$ 33,000.00	\$ 33,000.00	\$ 1,188,000.00
Cow Sales		\$ 29,250.00	\$ 29,250.00	\$ 1,053,000.00
Visalia dairy rent		\$ 6,500.00	\$ 6,500.00	\$ 234,000.00
Patronage Dividend				\$ 90,000.00
FSA Payments				\$ 150,000.00
<b>TOTAL CASH RECEIPTS:</b>		<b>\$ 920,909</b>	<b>\$ 920,909</b>	<b>\$ 34,078,546.50</b>
Operating Disbursements by Vendor Type:				
Feed expense		\$ 646,970.00	\$ 646,970.00	\$ 22,933,775.00
Crop Cash Flow-FMV ration offset		\$ (62,666.67)	\$ (62,666.67)	\$ (1,826,833.33)
Labor		\$ 55,000.00	\$ 55,000.00	\$ 1,976,000.00
Employee benefits (workman's compensation, etc)		\$ 4,500.00	\$ 4,500.00	\$ 162,000.00
Payroll taxes		\$ 9,500.00	\$ 9,500.00	\$ 342,000.00
Utilities		\$ 28,500.00	\$ 28,500.00	\$ 1,026,000.00
Fuel and oil		\$ 20,000.00	\$ 20,000.00	\$ 720,000.00
General Insurance		\$ 4,500.00	\$ 4,500.00	\$ 162,000.00
Vet and Breeding		\$ 18,500.00	\$ 18,500.00	\$ 666,000.00
Testing and Trimming		\$ 8,000.00	\$ 8,000.00	\$ 288,000.00
Supplies		\$ 11,000.00	\$ 11,000.00	\$ 396,000.00
Auto and Trucks				\$ -
Repairs & Maintenance		\$ 14,000.00	\$ 14,000.00	\$ 504,000.00
Partner Draw		\$ 16,000.00	\$ 16,000.00	\$ 572,000.00
Misc		\$ 6,000.00	\$ 6,000.00	\$ 216,000.00
				\$ -
				\$ -
<b>(i) Total Operating Disbursements by Vendor Type:</b>		<b>\$ 779,803.33</b>	<b>\$ 779,803.33</b>	<b>\$ 28,136,941.67</b>
Non- Operating Disbursements:				
Legal and accounting		\$ 3,000.00	\$ 3,000.00	\$ 108,000.00
Tax and licenses		\$ 500.00	\$ 500.00	\$ 345,000.00
(Chapter 11 Quarterly Fees				\$ 19,500.00
<b>(ii) Total Non-Operating Disbursements:</b>		<b>\$ 3,500.00</b>	<b>\$ 3,500.00</b>	<b>\$ 472,500.00</b>
Total Income Available to Make Plan Payments		\$ 137,605.67	\$ 137,605.67	\$ 5,469,104.83
Plan Payments:				
Secured Plan Payments Classes 4 through 11		\$ 125,815.00	\$ 125,815.00	\$ 4,568,510.00
Unsecured Plan Payments Classes 13 and 14				\$ 254,000.00
<b>(iii) Total Plan Disbursements:</b>		<b>\$ 125,815.00</b>	<b>\$ 125,815.00</b>	<b>\$ 4,822,510.00</b>
<b>TOTAL CASH DISBURSEMENTS:</b>		<b>\$ 909,118.33</b>	<b>\$ 909,118.33</b>	<b>\$ 33,431,951.67</b>
AVAILABLE CASH FROM OPERATIONS THIS PERIOD:				
		\$ 11,790.67	\$ 11,790.67	\$ 646,594.83
Ending Cash Balance		\$ 634,804.17	\$ 646,594.83	
				Average

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Shady Acres Dairy  
Projected Milk Checks

Month	03.07.11 Class III	Basis	Mailbox Blend	Milk Cows	Flow Lbs Per Day	Monthly Production	Projected Monthly Payout
Feb-11	17.00	(0.80)	16.20	2,750	68	5,236,000	\$ 848,232.00
Mar-11	19.59	(0.80)	18.79	2,750	68	5,797,000	\$ 1,089,256.30
Apr-11	18.37	(0.80)	17.57	2,750	68	5,610,000	\$ 985,677.00
May-11	17.49	(0.80)	16.69	2,750	68	5,797,000	\$ 967,519.30
Jun-11	16.94	(0.80)	16.14	2,750	68	5,610,000	\$ 905,454.00
Jul-11	16.95	(0.80)	16.15	2,750	68	5,797,000	\$ 936,215.50
Aug-11	17.07	(0.80)	16.27	2,750	68	5,797,000	\$ 943,171.90
Sep-11	17.15	(0.80)	16.35	2,750	68	5,610,000	\$ 917,235.00
Oct-12	17.09	(0.80)	16.29	2,750	68	5,797,000	\$ 944,331.30
Nov-11	16.79	(0.80)	15.99	2,750	68	5,610,000	\$ 897,039.00
Dec-11	16.68	(0.80)	15.88	2,750	68	5,797,000	\$ 920,563.60
Jan-12	16.19	(0.80)	15.39	2,750	68	5,797,000	\$ 892,158.30
Feb-12	15.95	(0.80)	15.15	2,750	68	5,236,000	\$ 793,254.00
Mar-12	15.95	(0.80)	15.15	2,750	68	5,797,000	\$ 878,245.50
Apr-12	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
May-12	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Jun-12	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
Jul-12	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Aug-12	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Sep-12	15.49	(0.80)	14.69	2,750	68	5,610,000	\$ 824,109.00
Oct-12	15.55	(0.80)	14.75	2,750	68	5,797,000	\$ 855,057.50
Nov-12	15.47	(0.80)	14.67	2,750	68	5,610,000	\$ 822,987.00
Dec-12	15.49	(0.80)	14.69	2,750	68	5,797,000	\$ 851,579.30
Jan-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Feb-13	15.50	(0.80)	14.70	2,750	68	5,236,000	\$ 769,692.00
Mar-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Apr-13	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
May-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Jun-13	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
Jul-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Aug-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Sep-13	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
Oct-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Nov-13	15.50	(0.80)	14.70	2,750	68	5,610,000	\$ 824,670.00
Dec-13	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Jan-14	15.50	(0.80)	14.70	2,750	68	5,797,000	\$ 852,159.00
Total						204,765,000.00	31,363,546.50

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**Shady Acres Dairy  
Feed Expense**

	<u>Milk Cows</u>	<u>\$/cow/day</u>	<u>Dry Cows</u>	<u>\$/cow/day</u>	<u>Heifers</u>	<u>\$/cow/day</u>	<u>Total</u> <u>Per Month</u>
Mar-11	2,750	6	475	3.00	2400	1.80	\$622,860
Apr-11	2,750	6	475	3.00	2400	1.80	\$689,595
May-11	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jun-11	2,750	5.5	475	3.00	2400	1.80	\$646,970
Jul-11	2,750	5.5	475	3.00	2400	1.80	\$626,100
Aug-11	2,750	5.5	475	3.00	2400	1.80	\$646,970
Sep-11	2,750	5.5	475	3.00	2400	1.80	\$646,970
Oct-11	2,750	5.5	475	3.00	2400	1.80	\$626,100
Sep-11	2,750	5.5	475	3.00	2400	1.80	\$646,970
Dec-11	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jan-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Feb-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Mar-12	2,750	5.5	475	3.00	2400	1.80	\$584,360
Apr-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
May-12	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jun-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Jul-12	2,750	5.5	475	3.00	2400	1.80	\$626,100
Aug-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Sep-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Oct-12	2,750	5.5	475	3.00	2400	1.80	\$626,100
Nov-12	2,750	5.5	475	3.00	2400	1.80	\$646,970
Dec-12	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jan-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Feb-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Mar-13	2,750	5.5	475	3.00	2400	1.80	\$584,360
Apr-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
May-13	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jun-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Jul-13	2,750	5.5	475	3.00	2400	1.80	\$626,100
Aug-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Sep-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Oct-13	2,750	5.5	475	3.00	2400	1.80	\$626,100
Nov-13	2,750	5.5	475	3.00	2400	1.80	\$646,970
Dec-13	2,750	5.5	475	3.00	2400	1.80	\$626,100
Jan-14	2,750	5.5	475	3.00	2400	1.80	\$646,970
Feb-14	2,750	5.5	475	3.00	2400	1.80	\$646,970

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**Shady Acres Dairy  
Crop Cash Flow**

	March-11	April-11	May-11	June-11	July-11	August-11	September-11	October-11	November-11	December-11	January-12	February-12
Farming Expenses	\$ 10,000.00	\$ 60,000.00	\$ 60,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 80,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Silage Chopping	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Total Expenses	\$ 10,000.00	\$ 90,000.00	\$ 90,000.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 110,000.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00
Wheat Silage Fed	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67
Sorghum/Corn Silage Fed	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00
Hay	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Total Grown Crops Fed	\$ 41,000.00	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67
Crop Cash Flow-FMV offset	\$ 31,000	\$ 15,167	\$ 15,167	\$ 62,667	\$ 92,667	\$ 62,667	\$ (4,833)	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667

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**Shady Acres Dairy  
Crop Cash Flow**

	March-12	April-12	May-12	June-12	July-12	August-12	September-12	October-12	November-12	December-12	January-13	February-13
Farming Expenses	\$ 12,500.00	\$ 60,000.00	\$ 60,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 80,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Silage Chopping	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -
Total Expenses	\$ 12,500.00	\$ 90,000.00	\$ 90,000.00	\$ 42,500.00	\$ 12,500.00	\$ 42,500.00	\$ 110,000.00	\$ 42,500.00	\$ 42,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Wheat Silage Fed	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67
Sorghum/Corn Silage Fed	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00
Hay	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -
Total Grown Crops Fed	\$ 75,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 75,166.67	\$ 75,166.67	\$ 75,166.67
Crop Cash Flow-FMV offset	\$ 62,667	\$ 15,167	\$ 15,167	\$ 62,667	\$ 92,667	\$ 62,667	\$ (4,833)	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667

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**Shady Acres Dairy  
Crop Cash Flow**

	March-13	April-13	May-13	June-13	July-13	August-13	September-13	October-13	November-13	December-13	January-14	February-14
Farming Expenses	\$ 12,500.00	\$ 60,000.00	\$ 60,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 80,000.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Silage Chopping	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Total Expenses	\$ 12,500.00	\$ 90,000.00	\$ 90,000.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 110,000.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00
Wheat Silage Fed	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67	\$ 34,166.67
Sorghum/Corn Silage Fed	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00
Hay	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -
Total Grown Crops Fed	\$ 75,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 105,166.67	\$ 75,166.67	\$ 75,166.67	\$ 75,166.67
Crop Cash Flow-FMV offset	\$ 62,667	\$ 15,167	\$ 15,167	\$ 62,667	\$ 92,667	\$ 62,667	\$ (4,833)	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667	\$ 62,667

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**Shady Acres - Chapter 11 Case  
Summary of Treatment of Claims**

<b>Classes under Plan</b>	<b>Plan Payments</b>	<b>Interest Rate</b>	<b>Amortization Period</b>	<b>Dates Paid</b>
Class 1 Administrative Claims	Paid in full	n/a	n/a	Confirmation
Class 2 Priority Claims	none	n/a	n/a	n/a
Class 3 Linder Equipment Secured Claim	n/a	n/a	n/a	n/a
Class 4 Laura Merrit	\$2,464.34	contract	contract	monthly
Class 5 Ruth Ann Latson	\$2,464.34	contract	contract	monthly
Class 6 Farm Credit West, FLCA	\$67,000.00	4.50%	20 yrs	monthly
Class 7 Farm Credit West, PCA	\$48,000.00	4.50%	20 yrs	monthly
Class 8 Penny Newman Grain	\$2,575.00	4.75%	5 years	monthly
Class 9 Penny Newman Milling	\$1,910.00	4.75%	5 years	monthly
Class 10 Fresno County Taxes	\$4,150.00	18%	1 year	monthly
Class 11 Western Finance & Leasing	\$1,400.00	contract	6 years	monthly
Class 12 Exec. Contracts & Leases	n/a	n/a	n/a	n/a
Class 13 Unsecured Claims < \$3,500.00	\$4,000.00	0%	n/a	Within 30 days of Effective Date
Class 14 General Unsecured Claims > \$3,500	\$50,000.00	0%	5 years	Semi-Annually

Total Monthly Payments \$129,963.68  
Total Annual Payments \$1,659,564.16